

## Message Text

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PAGE 01 TOKYO 05708 010733Z

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ACTION COME-00

INFO OCT-01 EA-11 ISO-00 EB-11 TAR-02 TRSE-00 OMB-01 AGR-20

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 1624

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E.O. 11652: NA

TAGS: BTRA ETRD JA

SUBJ: US VISIT MESSRS. MIHORI MINAMI: GOJ PREPARATION FOR TALKS  
RE RESTRAINTS ON US LOG IMPORTS AND FOR IMPLEMENTATION  
TIMBER PRODUCTS STOCKPILING PROJECT

REF: STATE 83803, TOKYO 5561

SUMMARY: MR. KIYOHARU MINAMI (DEPUTY DIRECTOR, FOREST  
PRODUCTS DIV., FORESTRY AGENCY) ASSURED EMBASSY US/  
CANADA TRIP PURELY STUDY MISSION IN PREPARATION FORTHCOMING  
TALKS WITH USG RE FUTURE JAPAN'S VOLUNTARY RESTRAINTS ON  
IMPORTS US LOGS (PRESENT JAPANESE VOLUNTARY IMPORT RESTRAINT  
COMMITMENT EXPIRES JUNE 30) AND IN PREPARATION OCT 1974  
IMPLEMENTATION QTE TIMBER PRODUCTS RESERVE PROJECT UNQTE  
OUTLINED PARA 4 BELOW. MINAMI STATED HE HOPES USG SOON WILL  
GIVE SOME INDICATION OF VIEWS RE POST-JUNE 30 HANDLING US LOG  
EXPORTS TO JAPAN AND RE APPROPRIATE FORMAT AND PLACE FOR  
DISCUSSING THIS MATTER. END SUMMARY.

1. MIHORI/MINAMI VISITED WASHINGTON AND OREGON STATES,  
BRITISH COLUMBIA, AND WASHINGTON, DC, TO ASSESS SUPPLY/  
DEMAND SITUATION US LOGS AND POLITICAL MOOD OF SAWMILL  
OPERATORS, BUILDING CONTRACTORS, AND STATE AND FEDERAL  
OFFICIALS CONCERNING POSSIBLE PASSAGE LEGISLATION RESTRICT-  
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PAGE 02 TOKYO 05708 010733Z

ING US LOG EXPORTS. ALSO STUDIED CAPACITY US/CANADIAN

SAWMILLS TO SUPPLY LUMBER (JAPANESE SIZES) ON LONG TERM CONTRACTS IN CONNECTION WITH TIMBER PRODUCTS RESERVE PROJECT (PARA 4).

2. MET WITH PACIFIC NORTHWEST REPS JAPANESE TRADING COMPANIES (NISSHO-IWAI, MITSUBISHI, MITSUI, AND SUMITOMO) AND WEYERHAUSER, WITH MR. BERT L. COLE, WASHINGTON STATE COMMISSIONER OF LAND RESOURCES, AND WITH MESSRS. HERR AND YOUNG, US FOREST SERVICE, WASH., DC (TITLES UNKNOWN). ACCORDING MINAMI NO PLANS AT PRESENT FOR OFFICIAL US VISITS RE THIS ISSUE BY HIGHER LEVEL GOJ OFFICIALS.

3. MINAMI STATED IT CLEAR FROM DISCUSSIONS THAT USG ITSELF NOT THINKING IN HARSH TERMS ABOUT LOG EXPORT RESTRICTIONS BUT THAT POLITICAL MOVEMENT FAVORING RESTRICTIONS GRADUALLY GAINING STRENGTH. HE BELIEVES IT WILL BE VERY DIFFICULT FOR JAPAN TO INCREASE LOG IMPORTS FROM US ON ANY STABLE, LONG TERM BASIS. MINAMI ADDED CURRENT DULLNESS IN WOOD PRODUCTS MARKET HAS REDUCED SHORT TERM PRESSURE ON SUPPLIES. HE HOPEFUL OF RESOLVING POST-JUNE 30 ARRANGEMENTS EXPEDITIOUSLY TO AVOID POSSIBLE DISRUPTION OF MARKET AND STIMULATION OF AGITATION FOR LEGISLATIVE RESTRICTIONS, FOLLOWING JUNE 30 IN ABSENCE OF OPERATING GUIDELINES.

4. TIMBER PRODUCTS RESERVE PROJECT, SCHEDULED FOR IMPLEMENTATION OCT 1, 1974, WILL BE GOJ-SUBSIDIZED STOCKPILE OF LUMBER AND PLYWOOD WHICH WILL ENABLE PRIVATE IMPORTERS TO CONCLUDE LONG TERM CONTRACTS FOR FINISHED PRODUCTS WITH FOREIGN SUPPLIERS, ADDING TO INVENTORIES WHEN DEMAND DECLINES AND RELEASING STORED STOCKS WHEN EXCESSIVE DEMAND THREATENS TO CAUSE RUNAWAY PRICE INCREASES. INITIAL FUNDING FOR PROJECT 200 MILLION YEN FROM GOJ AND 100 MILLION YEN FROM PRIVATE IMPORTERS (PARTICIPANTS AND SHARES REMAIN TO BE DETERMINED). PROJECT TO BE ORGANIZED AS CORPORATION UNDER FORESTRY AGENCY SUPERVISION. MINAMI STRESSED, HOWEVER, THAT PROCUREMENT OF WOOD PRODUCTS WILL BE EXCLUSIVELY THROUGH COMMERCIAL CHANNELS WITH NO GOJ PARTICIPATION IN CONTRACT NEGOTIATIONS. HE ASSURED EMBOFF THAT WHILE IN LIMITED OFFICIAL USE

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PAGE 03 TOKYO 05708 010733Z

US NEITHER HE NOR MIHORI ENGAGED IN ANY NEGOTIATIONS FOR PURCHASES OF WOOD PRODUCTS TO BE STOCKPILED UNDER THIS PROJECT. PROJECT PLANS CALL FOR ACQUISITION OF WAREHOUSES NEAR TOKYO, OSAKA, AND NAGOYA - MARKETS WHICH EXERCISE GREATEST INFLUENCE ON WOOD PRICES. ACTUAL COLLECTING OF WOOD PRODUCTS TO BEGIN BY EARLY CY 1975. TARGETS ARE 300,000 CU. METERS CUT LUMBER, OF WHICH 50,000 CU. METERS TO BE ACCUMULATED BY END JFY 1974 (MARCH 31, 1975)

AND EQUIVALENT OF SIX MILLION SHEETS 2.5 MM COMMON PLYWOOD,  
OF WHICH ONE MILLION SHEETS TO BE ACCUMULATED BY END JFY  
1974. MINAMI SAID HE BELIEVES US/CANADIAN MILLS HAVE  
CAPACITY TO SUPPLY SUBSTANTIAL PORTION THESE REQUIREMENTS.  
HE NOTED POSSIBLE EFFECT OF PROJECT ITSELF ON WOOD  
PRICES AND SPECULATIVE ACTIVITIES, AND ADDED THAT GENERAL UN-  
CERTAINTIES CONCERNING LONG TERM CONTRACTS IN ENVIRONMENT OF  
SHORTAGES AND RAMPANT INFLATION, AND CONTINUING MOVE-  
MENTS FOR LEGISLATIVE RESTRICTIONS IN SUPPLIER COUNTRIES  
REMAIN FORMIDABLE OBSTACLES TO RESERVE PROJECT'S SUCCESS.

5. AIRGRAM DESCRIBING TIMBER PRODUCTS RESERVE PROJECT  
FOLLOWS. SHOESMITH

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TIMBER, IMPORTS, PROGRAMS (PROJECTS), TRADE VISITS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 01 MAY 1974  
**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
**Disposition Authority:** garlanwa  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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